

City of Burlington



2007-2008

Budget Work Session

May 14, 2007

Councilmember David R. Huffman

Objective

- Review preliminary budget recommendations
- Address questions and issues
- Formulate a final budget proposal to be presented to the City Council June 5, 2007

Process

- Year long effort involving City Council, management and supervisory staff
- Not an overly complicated process
 - Recognizing Needs
 - Projecting revenues
 - Establishing priorities
 - Difficult decisions
 - Unlimited needs and very limited resources

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Budget Process

- Management team was told of limitations for the 07-08 Budget
- Limited New Staff Requests – 5 positions
- Capital request to follow capital improvement plan first, and secondly to be prioritized on need basis
- Adjustment to line items only based on inflationary factors, which could not be otherwise managed

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General Fund

- Police
- Fire
- Recreation and Parks
- Public Works
- General Administration
- Legal
- HR/Health Services
- Information Technology
- Finance
- Engineering/Traffic Control
- Planning/Inspections

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Challenging Issues

- Maintenance and Enhancement of Infrastructure –
\$1,000,000 Street Paving
- Employee Compensation Package to Compete in Marketplace
- Health Insurance
- Staffing Levels
- Major Equipment Replacement
- Utilities
 - Duke Power – 5% Increase
 - Fuel
- Animal Shelter Operations

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What's the cost?

- No Tax Increase in General Fund
- Revenue Growth
 - Tax Base
 - Sales Tax
 - Building Permits and Recreation & Parks
- Health Care Cost – Increase has been limited
- Worker's Compensation Claims – reduced
- Reduction of Transfer from Water and Sewer

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What are you receiving for your investment?

- Continued high level of services as we attempt to manage the growth in our community.
- Increased effort to pro-actively maintain and restore our transitioning communities.
- Continued effort to update technology in an effort to improve service delivery without adding new positions.
- Attempting to work with our infrastructure and building needs to increase funding for:
 - Street re-paving, airport expansion
 - Recreation facility improvements
 - Fire station renovation

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Investment? (continued)

■ Equipment Update

- Police car replacement (11)
- Automated Leaf Collection vehicle
- Fire Truck replacement

■ Staffing Levels/Recruitment and Retainage

- City funding - two domestic violence positions in Police previously for four years – (funded through Governor's Crime Prevention funds)
- Reinstatement of Assistant City Attorney's position and support staff position
- Additional Minimum Housing Inspection position
- Market adjustment – 4% for employees
- Police recruitment and retention plan

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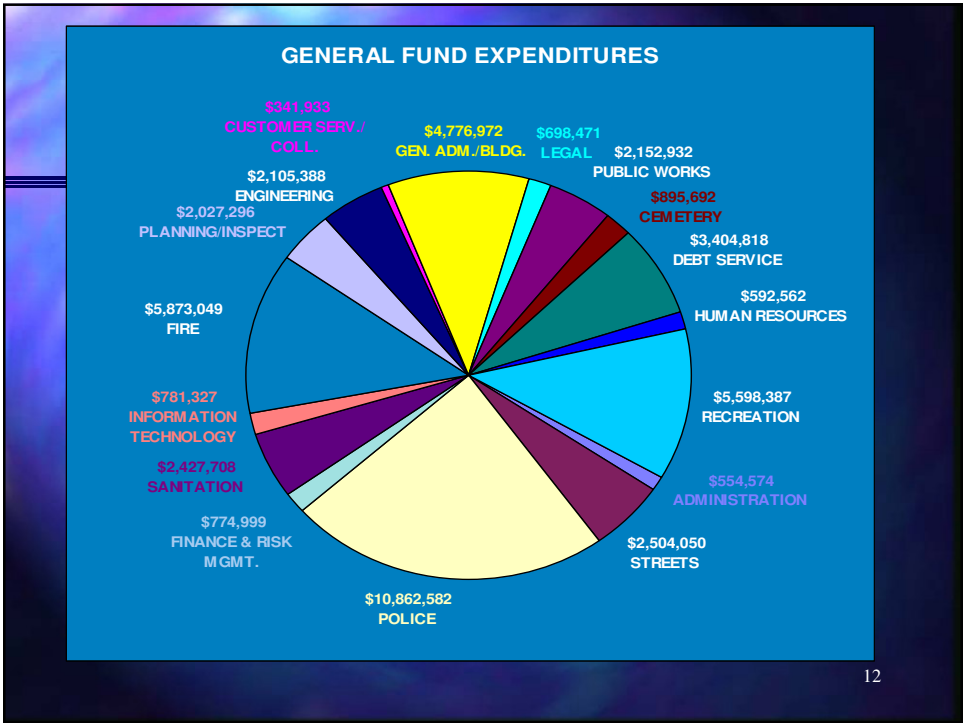
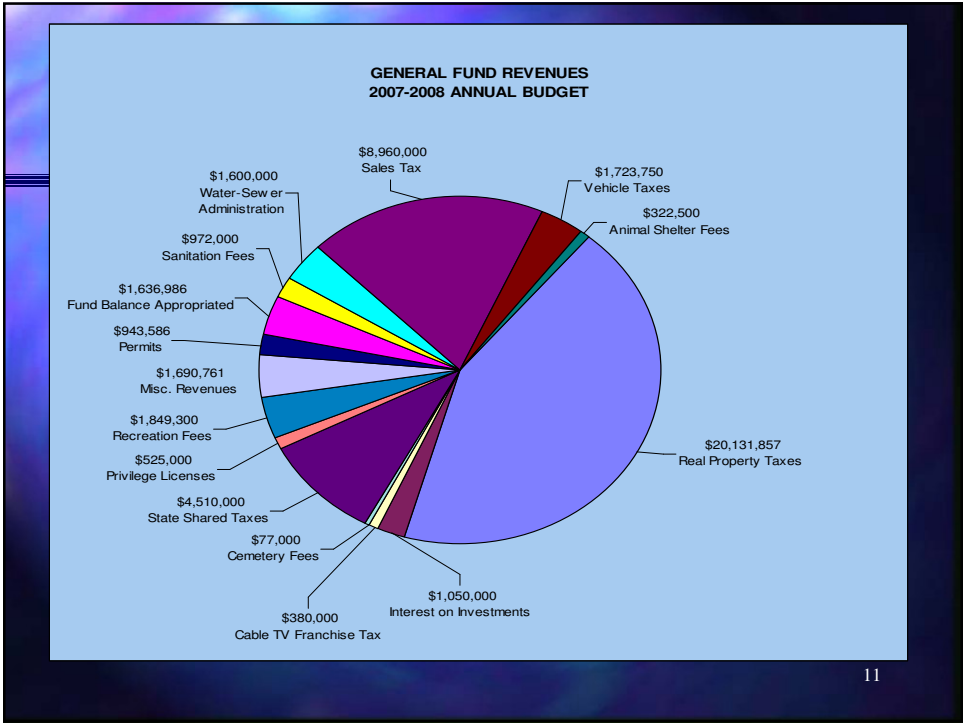
CITY OF BURLINGTON 2007-2008 ANNUAL BUDGET GENERAL FUND - REVENUES

SOURCE	AMOUNT	PERCENT
Real Property Taxes	\$ 20,131,857	43.4%
Vehicle Taxes	1,723,750	3.7%
State Shared Taxes	4,510,000	9.7%
Cable/TV Franch. Tax	380,000	0.8%
Sales Tax	8,960,000	19.3%
Interest on Invest.	1,050,000	2.3%
Privilege Licenses	525,000	1.1%
Permits	943,586	2.0%
Water-Sewer Admin.	1,600,000	3.5%
Sanitation Fees	972,000	2.1%
Animal Shelter Fees	322,500	0.7%
Recreation Fees	1,849,300	4.0%
Miscellaneous Rev.	1,690,761	3.6%
Cemetery Fees	77,000	0.2%
Fund Balance Appro.	1,636,986	3.5%
TOTALS	\$ 46,372,740	100.0%

CITY OF BURLINGTON 2007-2008 ANNUAL BUDGET GENERAL FUND - EXPENDITURES

DEPARTMENT	AMOUNT	PERCENT
Administration	\$ 554,574	1.2%
Customer Svc/ Collect.	\$ 341,933	0.7%
Finance & Risk Mgmt	774,999	1.7%
Information Technology	781,327	1.7%
Legal	698,471	1.5%
Human Resources	592,562	1.3%
Planning/Inspec./GIS	2,027,296	4.4%
Engineering	2,105,388	4.5%
General Admin/Building	4,776,972	10.3%
Police	10,862,582	23.4%
Fire	5,873,049	12.7%
Public Works	2,152,932	4.6%
Streets	2,504,050	5.4%
Sanitation	2,427,708	5.2%
Recreation	5,598,387	12.1%
Cemetery	870,312	1.9%
Street Tree Program	25,380	0.1%
Debt Service	3,404,818	7.3%
TOTALS	\$ 46,372,740	100.0%

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General Fund – 2007-08

	<u>Department Requested</u>	<u>Recommended</u>
Capital Expenditures	\$ 4,552,308	\$ 1,523,705

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Water and Sewer

- Water and Sewer Repair and Construction
- Water and Sewer Plants and Facilities
- Water Source Protection
- Laboratories
- Composting

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Wastewater Rates

Comparison of 2006-2007 Wastewater Rates
For Nearby and Selected Cities
Based on Average Usage of 6000 gallons per month

	<u>Rates</u>	<u>% COB rates are lower than other cities**</u>
Burlington	18.78	
Elon	32.46	42%
Haw River	37.86	50%
Graham	23.58	20%
Gibsonville	23.63	21%
Mebane	27.00	30%
Asheboro	24.04	22%
Cary	32.23	42%
Concord	29.32	36%
Greensboro	22.55	17%
High Point	36.95	49%
Orange Water & Sewer Authority	29.20	36%
Roxboro	31.80	41%

Source: North Carolina League of Municipalities and UNC School of Government – April 2007

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Water Rates

Comparison of 2006-2007 Water Rates
For Nearby and Selected Cities
Based on Average Usage of 6000 gallons per month

	<u>Rates</u>	<u>% COB rates are lower than other cities**</u>
Burlington	16.26	
Elon	20.12	19%
Haw River	25.63	37%
Graham	23.63	31%
Gibsonville	22.03	26%
Mebane	27.00	40%
Asheboro	22.23	27%
Cary	23.22	30%
Concord	30.99	48%
Greensboro	16.80	3%
High Point	21.86	26%
Orange Water & Sewer Authority	27.83	42%
Roxboro	22.20	27%

**In other words, each of these locations are charging X% more than the City of Burlington for the respective services.
Source: North Carolina League of Municipalities and UNC School of Government – April 2007

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Challenging Issues

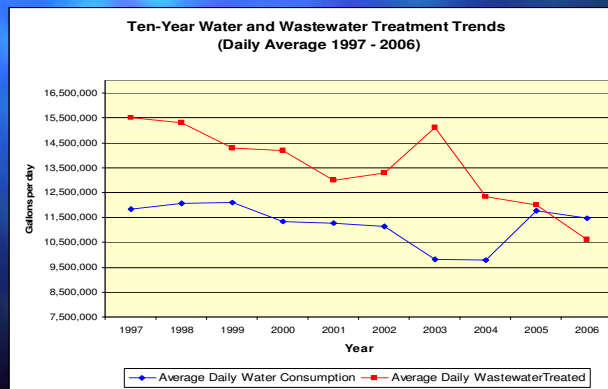
- Reduction of Industrial Consumption
- Water Use – Flat

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Challenging Issues

■ Wastewater Treatment

- Reduction in 2005-06 – 5,000,000 gallons of use – 32%
Decrease – 1997-2006



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Challenging Issues (Water & Sewer)

- Aging Infrastructure
 - Line & Equipment Replacement
- Utilities
 - Duke Power Increase - \$81,000
- Expenditures Aimed at Permit Compliance
 - Wastewater Collection System Permit
 - Water Treatment Plant Operation Permit
 - Wastewater Treatment Plant Operation Permit
 - Land Application of Treatment Plant Residuals Permit

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Challenging Issues (Water & Sewer)

- New Unfunded Regulatory Requirements for the Coming Year
 - Initial Distribution System Evaluation
 - Long-term 2 Enhanced Water Treatment Rule
 - Unregulated Contaminants Monitoring Regulation
 - Dam Safety Regulations
- Increase in Chemical Costs

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What's the recommended Cost?

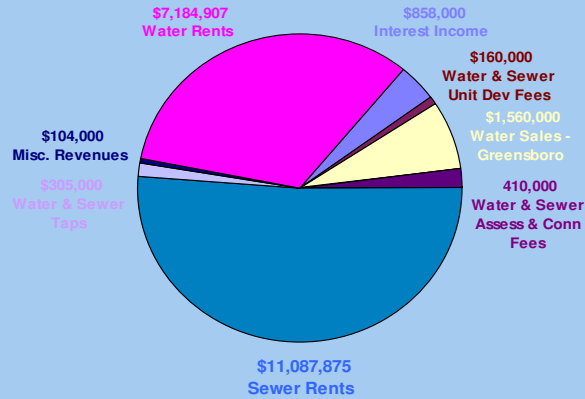
- 2007-2008 Proposed Budget - \$21,998,907
- 2% increase - compared to 2006-07
- No recommended increase in Water Rates
- Proposed 4.5% increase in Sewer Rates
- Average Residential Customer Increase
 - .85 Cents (monthly)
- Municipal Rates 110% of Inside Sewer Rate
 - 5% increase

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CITY OF BURLINGTON 2007-2008 ANNUAL BUDGET WATER & SEWER FUND - REVENUES			CITY OF BURLINGTON 2007-2008 ANNUAL BUDGET WATER & SEWER FUND - EXPENDITURES		
SOURCE	AMOUNT	PERCENT	DEPARTMENT	AMOUNT	PERCENT
Interest Income	\$ 808,000	3.7%	W & S BLD-ADMIN SERVICES	\$ 4,803,589	21.8%
Water Rents	7,184,907	32.7%	CUSTOMER SERVICES - W & S	1,005,936	4.6%
Sewer Rents	11,402,000	51.8%	SUPR. WATER & SEWER LINES	600,163	2.7%
Water & Sewer Taps	305,000	1.4%	WATER LINE MAINT.-REPAIR	857,198	3.9%
Industrial Surcharges	40,000	0.2%	SEWER LINE MAINT.-REPAIR	608,922	2.8%
W&S Capital Res.	-	0.0%	WATER LINE SERV. & CONST.	674,660	3.1%
Miscellaneous Rev.	104,000	0.5%	SEWER LINE SERV. & CONST.	546,037	2.5%
W&S Unit Dev Fees	160,000	0.7%	W&S PLANTS/FACILITIES/PW	514,523	2.3%
Wtr Sls - Greensboro	1,560,000	7.1%	WATER SOURCES PROTECT.	373,100	1.7%
W&S Assess./C. Fees	435,000	2.0%	ED THOMAS WATER PLANT	854,991	3.9%
Fund Balance Appro.	-	0.0%	MACKINTOSH WATER PLANT	1,787,767	8.1%
			S. BURLINGTON WASTE TREAT.	2,085,051	9.5%
			E. BURLINGTON WASTE TREAT.	2,284,402	10.4%
			LABORATORIES - W & S	478,153	2.2%
			COMPOSTING	207,665	0.9%
			PLANTS MAINT. - W & S	650,772	3.0%
			LAKES AND MARINAS	415,322	1.9%
			DEBT SERVICE	3,250,656	14.8%
TOTALS	\$ 21,998,907	100.0%	TOTAL WATER & SEWER FUND	\$ 21,998,907	100.0%

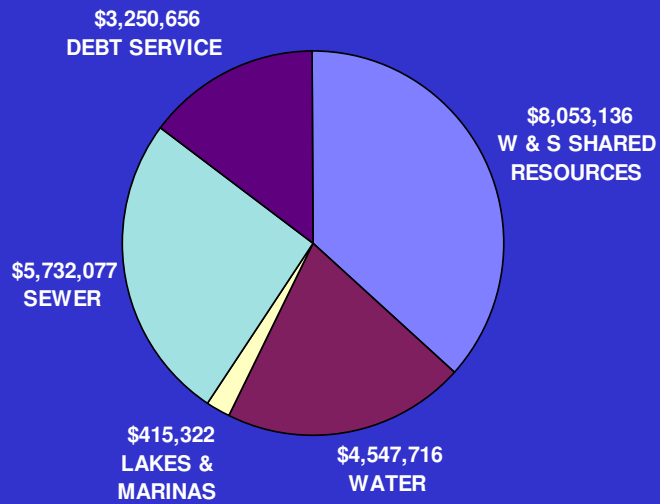
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WATER & SEWER FUND REVENUES 2007-2008 ANNUAL BUDGET



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WATER & SEWER EXPENDITURES



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Water & Sewer Fund – 2007-08

	<u>Department Requested</u>	<u>Recommended</u>
Capital Expenditures	\$ 2,121,100	\$ 1,427,250

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Water/Sewer Rates

Typical Utility Service Bill
For Average Customer
(Based on 6,000 gallons per month)

	<u>Current</u>		<u>Proposed 07-08</u>
Water	\$ 16.26		\$ 16.26
Sewer	\$ 18.78	(4.5% inc)	\$ 19.63
Stormwater	\$ 2.00		\$ 2.00
Solidwaste/Recycle	\$ 5.80		\$ 5.80
TOTAL MONTHLY	\$ 42.84		\$ 43.69
COST PER DAY	\$ 1.43		\$ 1.46

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Water/Sewer Rates

Typical Utility Service Bill
For Single Person Household
(Based on 2,500 gallons per month)

	<u>Current</u>		<u>Proposed 07-08</u>
Water	\$ 6.78		\$ 6.78
Sewer	\$ 7.83	(4.5% inc)	\$ 8.18
Stormwater	\$ 2.00		\$ 2.00
Solidwaste/Recycle	\$ 5.80		\$ 5.80
TOTAL MONTHLY	\$ 22.41		\$ 22.76
COST PER DAY	\$.75		\$.76

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What are you receiving for investment?

- Water Tank Maintenance Contract
- Repair of Lake Cammack Dam
- 1/2 Replacement of Sewer Jet Truck
- Maintenance of Sedimentation Basin at Ed Thomas
- Inflow/Infiltration Reduction
- Water Line Replacement
- Mebane Street Water Line

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Why Sewer Increase as Proposed?

- Enterprise Fund
- Original Budget would have resulted in a 12% increase
- Reduction of budget requests and spreading cost of equipment and projects resulted in a reduction of expenses of nearly \$900,000 Projected revenue of \$468,000 resulting of increase in rates
- Impact on Average Residential Customer – 6,000 gallons - .85 month - \$10.20 annually

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Stormwater

- No change in rates
- Rate \$2.00 per month per 17,500 customers

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Legislation - 2007

- **Senate Bill 1492** - "Solid Waste Management Act"
- **Senate Bill 970** - "An Act to Establish a Public Safety Employer – Employee Cooperation"

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Legislation

- **Senate Bill 1133** - "An Act Requiring Counties and Cities to Provide Reasonably Equitable Garbage Collection Service to Single-Family and Multifamily Dwellings with Property Taxes Levied to Provide Service and to Establish Reasonably Equitable Service and Fees for Garbage Collection Service when Operating Public Enterprise for the Purpose of Providing the Service"

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Legislation

- **Senate Bill 1543** "An Act Providing for Contracts Between Public Employers and Labor Organizations Representing Public Employers for the Purpose of Collective Bargaining and Establishing the Public Employee Labor Relations Commission to Ensure Fair Dealings Between Public Employers and Labor Union"

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Legislation

- **House Bill 1716** - "State to Retain Custody/Forfeited Property"
- **House Bill 980** - "Law Enforcement Officer Discipline Bill"
- **House Bill 1462** - "Municipal Street Provisions"
- **Jordan Lake Rules**

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